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**USTR 1998 TRADE POLICY AGENDA AND 1997 ANNUAL REPORT
OUTLINES AMBITIOUS GLOBAL TRADE AGENDA AHEAD**

President Clinton today transmitted to Congress the 1998 Trade Policy Agenda and the 1997 Annual Report of the President of the United States on the Trade Agreements Program. The report highlights the importance of increasing U.S. exports as a means of strengthening U.S. domestic prosperity and global leadership. United States Trade Representative Charlene Barshefsky announced today that the report “stands as another example of the importance of continuing U.S. participation in the IMF and for congressional renewal of ‘fast track’ trade negotiating authority.”

Prepared pursuant to the Omnibus Trade and Competitiveness Act of 1988, the document describes the Clinton Administration’s trade policy priorities for the year ahead and reviews the principal trade policy actions and accomplishments of 1997. It also contains the annual report on the activities of the World Trade Organization, and an Annex listing trade agreements entered into by the United States since 1984 that afford increased market access or reduce barriers and other trade distorting policies by other countries.

Recognizing that today the American economy is the strongest in the world, Ambassador Barshefsky stated, “While this stunning success is attributable to many factors, trade is among the most important, with exports fueling over one-third of U.S. economic growth over the past five years. The report underscores the importance of our market-opening agenda and why we will continue to move forward aggressively at every opportunity.”

Ambassador Barshefsky noted that during the past five years the Administration has not only negotiated more than 245 trade agreements that expand opportunities for U.S. companies and workers, but has effectively enforced U.S. trade rights on more than 75 occasions.

Despite these accomplishments, Ambassador Barshefsky noted that there are many important challenges on the horizon. While noting that the Asia financial crisis will likely result in an increased U.S. trade imbalance with Asia in 1998, Ambassador Barshefsky said, “It is even more essential today to work with our Asian trading partners to achieve structural economic reforms,

market-oriented economic policies, and bring greater transparency to financial transactions. The U.S. must act, through the IMF, to help restore stability and prevent any further ‘contagion’ effect, in order to increase long term economic stability. Rapid Congressional action on the U.S. commitment to the IMF including the New Arrangements to Borrow is critical.”

Highlights of the 1998 Trade Agenda include:

- o **The Global Agenda.** This year marks the 50th anniversary of the multilateral trading system. In connection with this event, trade ministers from around the world will conduct the WTO’s second Ministerial Conference (May 18-20), which will focus on the implementation of a series of recently concluded negotiations in telecommunications, financial services and information technology that provide critical progress in key areas of the 21st century economy. The meeting will also look to the negotiation of future agreements as called for in the WTO’s work program in such major areas as intellectual property rights (IPR), government procurement practices, agriculture and services, and address new emerging issues of concern including global electronic commerce and biotechnology. Negotiations will intensify in 1998 with regard to WTO accessions among such key countries as China, Russia, and Taiwan.
- o **Launch FTAA Negotiations.** Three years after the historic Miami Summit (December 1994), Western Hemisphere Leaders will meet at the Second Summit of the Americas this April in Chile to move the FTAA from its preparatory phase into formal negotiations. The United States is committed to a comprehensive FTAA and to the Miami Summit mandate to achieve “concrete progress by the end of the century,” and to conclude the negotiations no later than 2005. At the same time, we are committed to a comprehensive free trade agreement with Chile as a logical step toward the FTAA.
- o **U.S.-EU Trade Initiative.** The United States and the European Union are examining areas for future market opening under the Transatlantic Agenda. While we do not intend to create a U.S.-EU free trade area, we will investigate prospects to reduce trade barriers across a range of areas including goods, services, and agriculture.
- o **Market-Opening Initiatives in the Asia Pacific Region.** The loss of investor confidence, dramatic currency depreciation, and economic collapse in a number of Asian countries is significantly related to the existence and growing burden of non-transparent, anti-competitive practices in their financial and other sectors. A number of these practices, which will be addressed as part of the IMF package, underlie a number of trade policy concerns. We intend to monitor closely implementation to the relevant IMF commitments, particularly those related to systemic economic reform. Additionally, the Administration places a high priority on fulfilling the November 1997 mandate of APEC Leaders to open world markets in 15 key sectors, with nine to be negotiated in 1998. APEC leaders also

endorsed the ITA II to include additional technology-related products and address non-tariff barriers to technology trade, as well as further work on biotechnology.

o **Bilateral Agenda.** The Administration will pursue an aggressive bilateral trade agenda to fulfill its trade objectives around the world. For example, the Administration has negotiated 34 market-opening agreements with Japan, and continues to press an ambitious deregulation agenda with Japan, which calls for new Japanese commitments in the first-half of 1998. With regard to China, the Administration has negotiated important market-opening and enforcement agreements in textiles and apparel and IPR. The Administration also secured a commitment from China to participate in the global Information Technology Agreement. As WTO negotiations proceed, the Administration has made it clear that China's WTO accession must be on commercial terms; resolving market access concerns across a wide range of goods, services, and agriculture.

o **Africa.** Execution of the President's Partnership for Economic Growth and Opportunity for Africa and efforts to ensure passage of the African Growth and Opportunity Act (H.R. 1432) will drive an ambitious U.S. trade agenda with Africa in 1998. The Partnership recognizes sub-Saharan Africa's economic progress and promise as a potentially important trading partner with the United States. Through a combination of bilateral, regional and multilateral initiatives, the United States will work to open African markets to foreign trade and investment.

o **Agriculture.** To build upon record agricultural exports, the United States will continue through bilateral and multilateral means to address such critical issues as greater price transparency among state trading enterprises, subsidies, scientifically-based sanitary and phytosanitary standards, and increased market access.

o **Labor and environment.** The Clinton Administration will continue its unprecedented efforts to achieve progress on environmental and labor issues as part of the United States' trade agenda. In the FTAA, the United States will continue to pursue complementary sustainable development initiatives so that economic progress does not come at the cost of environmental protection. Within the WTO, the Administration will continue to advance collaboration between the WTO and the International Labor Organization (ILO) on issues related to trade and labor standards. As part of the President's 1999 Budget, the Administration has also sought additional funding for worker training and education programs to strengthen the Nation's economic safety net.

o **Enforcement of existing trade agreements.** The Clinton Administration has brought enforcement actions on more than 75 occasions to protect U.S. rights in the global economy. Already, the United States has demonstrated a record as the most aggressive user of the WTO dispute resolution process, filing 35 formal complaints over the past three years, and amassing a record of 17-1 in cases brought by the U.S. that will increase market access for U.S. manufacturing, IPR,

agriculture, and services industries. Additionally, the Administration continues to apply Section 301 of the Trade Act of 1974, "Super 301," "Special 301" for IPR enforcement, Section 1377 for telecommunications issues, among other laws.

In describing the context for the Administration's trade policy agenda, Ambassador Barshefsky said, "we need to ensure that we are strategically positioned to expand exports of our goods and services around the globe. To this end, the Clinton Administration will continue to use a combination of bilateral, regional, multilateral and sectoral initiatives to open new markets to American exports.

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Note: Public copies of the 1998 Trade Policy Agenda and 1997 Annual Report are available in Room 103 of USTR's Office of Public Affairs. In addition, the report is located at USTR's Internet Home Page address: <http://www.ustr.gov>.